

**THE OFFICE OF REGULATORY STAFF**

**DIRECT TESTIMONY AND EXHIBITS**

**OF**

**ROY H. BARNETTE**

**October 7, 2010**



**DOCKET NO. 2010-5-G**

**ANNUAL REVIEW OF PURCHASED GAS  
ADJUSTMENT AND GAS PURCHASING  
POLICIES OF SOUTH CAROLINA ELECTRIC  
& GAS COMPANY**

**THE OFFICE OF REGULATORY STAFF**  
**1401 Main Street, Suite 900**  
**Columbia, SC 29201**

16     A.           In PGA Docket No. 2006-5-G, Order No. 2006-679, dated November 13,  
17           2006, the Company was authorized, after proper notification to the Commission,  
18           ORS and the South Carolina Energy Users Committee (“SCEUC”), as set forth in  
19           the Settlement Agreement, to adjust its cost of gas factors on a monthly basis for  
20           material differences of \$0.01 per therm or more in any cost of gas factor beginning  
21           with the first billing cycle of each month. In Docket No. 2009-5-G, Order No.  
22           2009-910 dated December 29, 2009 the amount designated as a “material  
23           difference” was increased from an amount equal to or greater than \$0.01 per therm

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| (1)  | (2)                         | (3)                                      | (4)                                       | (5)                     | (6)  | (7)                                  | (8)                        | (9)  | (10)                                     |
|--|-----------------------------|--|---|-------------------------|--|--------------------------------------|----------------------------|--|--|
|  | Total Firm Sales<br>Terms # | Commodity<br>Cost Per<br>Therm (1) + (2) | Billing<br>Commodity<br>Cost Per<br>Therm | Difference<br>(3) - (4) | Commodity<br>(Over)/Under<br>Collection<br>(2) X (5) | Demand<br>(Over)/Under<br>Collection | Prior Month<br>Adjustments | Total Monthly<br>(Over)/Under<br>Collection<br>(6) + (7) + (8) | Cumulative<br>(Over)/Under<br>Collection |
|  | \$                          | \$                                       | \$  | \$                      | \$   | \$                                   | \$                         | \$   | \$                                       |
| Ending Balance per ORS at July 31, 2009  |                             |  |   |                         |  |                                      |                            |  |  |
| To reverse rate change adjustment included in ORS schedule at 7-31-09 but not adjusted by SCE&G until September 2009 |                             |  |   |                         |  |                                      |                            |  | (6,001,812)                              |
| Less: Differences due to rounding in prior period  |                             |  |   |                         |  |                                      |                            |  | 108,811                                  |
|  |                             |  |   |                         |  |                                      |                            |  | 65                                       |
| Beginning Balance at August 1, 2009 Per Company  |                             |  |   |                         |  |                                      |                            |  | (5,892,936)                              |
| Aug-09   | 2,888,027                   | 0.429041                                 | 0.53366                                   | (0.104619)              | (704,228)  | 3,372,743                            |                            |  |  |
| Aug-09 - Interest @ 4.051%   |                             |  |   |                         | (42,047)   | 31,233                               |                            |  |  |
| Uncollectibles-Commodity Only  |                             |  |   |                         | 21,202   |                                      |                            |  |  |
|  |                             |  |   |                         | (725,073)  |                                      |                            |  |  |
| Sep-09   | 2,464,223                   | 0.356574                                 | 0.52093                                   | (0.164356)              | (1,135,837)  | 3,403,976                            |                            | 2,678,903  | (3,214,033)                              |
| Sep-09 - Interest @ 3.959%   |                             |  |   |                         | (45,265)   | 2,958,248                            |                            |  |  |
| Uncollectibles-Commodity Only  |                             |  |   |                         | 5,942  | 40,335                               |                            |  |  |
|  |                             |  |   |                         | (1,175,160)  |                                      |                            |  |  |
| Oct-09   | 5,680,337                   | 0.613697                                 | 0.53944                                   | 0.074257                | 687,318  | 2,590,627                            | (108,811)                  | 1,714,612  | (1,499,421)                              |
| Oct-09 - Interest @ 4.040%   |                             |  |   |                         | (44,051)   | 50,025                               |                            |  |  |
| Uncollectibles-Commodity Only  |                             |  |   |                         | (4,356)  |                                      |                            |  |  |
|  |                             |  |   |                         | 638,911  |                                      |                            |  |  |
| Nov-09   | 9,351,953                   | 0.667243                                 | 0.53944                                   | 0.127803                | 1,791,264  | (47,679)                             | 0                          | 3,279,563  | 1,780,142                                |
| Nov-09 - Interest @ 3.853%   |                             |  |   |                         | (36,402)   | 47,714                               |                            |  |  |
| Uncollectibles-Commodity Only  |                             |  |   |                         | (828)  |                                      |                            |  |  |
|  |                             |  |   |                         | 1,754,034  |                                      |                            |  |  |
| Dec-09   | 21,117,814                  | 0.755418                                 | 0.49929                                   | 0.256128                | 7,160,093  | (3,761,639)                          | 0                          | 1,754,069  | 3,534,211                                |
| Dec-09 - Interest @ 4.484%   |                             |  |   |                         | (15,739)   | (13,514)                             |                            |  |  |
| Uncollectibles-Commodity Only  |                             |  |   |                         | 1,321  |                                      |                            |  |  |
| Dec-09 - Unbilled Revenue Adjustment   |                             |  |   |                         | (3)  | (14,761,852)                         |                            |  |  |
|  |                             |  |   |                         | 7,145,675  | (18,537,005)                         |                            |  |  |
| Jan-10   | 31,519,567                  | 0.648054                                 | 0.55189                                   | 0.096164                | 4,677,156  | (6,898,235)                          | 0                          | (11,391,330)   | (7,857,119)                              |
| Jan-10 - Interest @ 4.261%   |                             |  |   |                         | 1,599  | (40,465)                             |                            |  |  |
| Uncollectibles-Commodity Only  |                             |  |   |                         | 563  |                                      |                            |  |  |
| Jan-10 - Reverse P/M Unbilled Revenue adjustment   |                             |  |   |                         | (4)  | 14,761,852                           |                            |  |  |
| Jan-10 - Unbilled Revenue adjustment   |                             |  |   |                         | (3)  | (15,680,337)                         |                            |  |  |
|  |                             |  |   |                         |  | (7,857,185)                          |                            |  |  |
| Feb-10   | 24,734,801                  | 0.591811                                 | 0.55189                                   | 0.039921                | 4,679,318  | (5,248,508)                          | 0                          | (3,177,867)  | (11,034,986)                             |
| Feb-10 - Interest @ 4.245%   |                             |  |   |                         | 1,668,501  | (62,632)                             |                            |  |  |
| Uncollectibles-Commodity Only  |                             |  |   |                         | 7,517  |                                      |                            |  |  |
| Feb-10 - Reverse P/M Unbilled Revenue adjustment   |                             |  |   |                         | 4,244  |                                      |                            |  |  |
| Feb-10 - Unbilled Revenue adjustment   |                             |  |   |                         | (4)  | 15,680,337                           |                            |  |  |
|  |                             |  |   |                         | (3)  | (16,647,777)                         |                            |  |  |
|  |                             |  |   |                         |  | (6,278,580)                          |                            |  |  |
|  |                             |  |   |                         |  |                                      | 0                          | (4,598,318)  | (15,633,304)                             |

**SOUTH CAROLINA ELECTRIC AND GAS COMPANY, INC. - DOCKET NO. 2010-5-G**  
**(OVER)/UNDER REVENUE COLLECTION**  
**FOR THE TWELVE MONTHS ENDED JULY 31, 2010**

| (1)   | (2)                        | (3)   | (4)                                       | (5)                     | (6)   | (7)  | (8)                        | (9)  | (10)                                     |
|---|----------------------------|---|---|-------------------------|---|--|----------------------------|--|--|
| Total Firm Commodity Cost   | Total Firm Sales<br>Therms | Commodity<br>Cost Per<br>Therm<br>(1) + (2) | Billing<br>Commodity<br>Cost Per<br>Therm | Difference<br>(3) - (4) | Commodity<br>(Over)/Under<br>Collection<br>(2) X (5)    | Demand<br>(Over)/Under<br>Collection                                     | Prior Month<br>Adjustments | Total Monthly<br>(Over)/Under<br>Collection<br>(6) + (7) + (8) | Cumulative<br>(Over)/Under<br>Collection |
| Mar-10<br>Mar-10 - Interest @ 4.487%<br>Uncollectibles-Commodity Only<br>Mar-10 - Reverse P/M Unbilled Revenue adjustment<br>Mar-10 - Unbilled Revenue adjustment | 14,437,580<br>39,249,024   | 0.367846                                    | 0.55189                                   | (0.184044)              | (7,223,547)<br>(18,957)<br>21,307<br><u>(7,221,197)</u> | (4,374,571)<br>(45,211)<br>16,647,777<br>(6,599,469)<br><u>5,628,526</u> | 0                          | (1,592,671)  | (17,225,975)                             |
| Apr-10<br>Apr-10 - Interest @ 4.310%<br>Uncollectibles-Commodity Only<br>Apr-10 - Reverse P/M Unbilled Revenue adjustment<br>Apr-10 - Unbilled Revenue adjustment | 3,916,288<br>15,346,325    | 0.255194                                    | 0.52911                                   | (0.273916)              | (4,203,604)<br>(33,184)<br>54,515<br><u>(4,182,273)</u> | 792,510<br>(26,295)<br>0<br>(6,599,469)<br><u>4,790,023</u>              | 0                          | 607,750  | (16,618,225)                             |
| May-10<br>May-10 - Interest @ 3.950%<br>Uncollectibles-Commodity Only<br>May-10 - Reverse P/M Unbilled Revenue adjustment<br>May-10 - Unbilled Revenue adjustment | 3,303,714<br>7,788,923     | 0.383349                                    | 0.47717                                   | (0.093821)              | (808,552)<br>(32,994)<br>57,496<br><u>(784,050)</u>     | 1,480,554<br>(18,045)<br>2,575,661<br>(2,190,879)<br><u>1,847,291</u>    | 0                          | 1,063,241  | (15,554,984)                             |
| Jun-10<br>Jun-09 - Interest @ 3.606%<br>Uncollectibles-Commodity Only<br>Jun-10 - Reverse P/M Unbilled Revenue adjustment<br>Jun-10 - Unbilled Revenue adjustment | 2,776,794<br>6,897,640     | 0.356506                                    | 0.47717                                   | (0.120664)              | (939,843)<br>(32,719)<br>106,920<br><u>(865,642)</u>    | 1,614,806<br>(11,647)<br>2,190,879<br>(2,182,008)<br><u>1,612,030</u>    | 0                          | 746,388  | (14,808,596)                             |
| Jul-10<br>Jul-09 - Interest @ 3.559%<br>Uncollectibles-Commodity Only<br>Jul-10 - Reverse P/M Unbilled Revenue adjustment<br>Jul-10 - Unbilled Revenue adjustment | 3,048,989<br>233,201,377   | 0.442034                                    | 0.47717                                   | (0.035136)              | (242,355)<br>(29,671)<br>73,103<br><u>(198,923)</u>     | 1,495,547<br>(10,404)<br>2,182,008<br>(2,211,281)<br><u>1,455,870</u>    | 0                          | 1,256,947  | (13,551,649)                             |
| Totals  |                            |   |   |                         | 745,882   | (8,295,784)  | (108,811)                  | (7,658,713)  |  |
| Cumulative (Over)/Under Collection at July 31, 2010   |                            |   |   |                         |   |  |                            |  | (5) (13,551,649)                         |

Note (1): These amounts reflect, on a monthly basis, the commodity cost of gas associated with accounts deemed uncollectible, as approved by Commission Order No. 2006-679 dated November 13, 2006.

Note (2): This amount was included in the ORS ending balance for July 2009 but was not adjusted on the Company books until September 2009.


Note (3): This amount represents the adjustment for unbilled revenue as approved in Docket No. 2009-5-G, Order No. 2009-910 dated December 29, 2009.

Note (4): This amount is the reversal of the prior month unbilled revenue adjustment.

Note (5): This amount differs from the Company by \$46.00, due to rounding.

SOUTH CAROLINA ELECTRIC AND GAS COMPANY, INC. - DOCKET NO. 2010-S-G  
CALCULATION OF DEMAND COST (OVER)/UNDER COLLECTION  
FOR THE TWELVE MONTHS ENDED JULY 31, 2010

**SOUTH CAROLINA ELECTRIC AND GAS COMPANY, INC - DOCKET NO. 2010-5-G  
STORAGE INVENTORY ACTIVITY  
FOR THE TWELVE MONTHS ENDED JULY 31, 2010**



SOUTH CAROLINA ELECTRIC AND GAS COMPANY, INC. - DOCKET NO. 2010-5-G  
LNG INVENTORY ACTIVITY  
FOR THE TWELVE MONTHS ENDED JULY 31, 2010

TOTAL LNG STORAGE

|           | Boil-off  |          | Vaporization |           | Liquefaction |             | Derive Gas |          | Purchased From AGL |         |
|-----------|-----------|----------|--------------|-----------|--------------|-------------|------------|----------|--------------------|---------|
|           | MCF #     | Rate \$  | Amount \$    | MCF #     | Rate \$      | Amount \$   | MCF #      | Rate \$  | MCF #              | Rate \$ |
| Beg. Bal. |           |          |              |           |              |             |            |          |                    |         |
| Aug-09    | (38,409)  | 7.764222 | (298,216)    | (1,192)   | 10.473154    | (12,484)    | 109,558    | 3.487933 | 382,131            | 0       |
| Sep-09    | (28,802)  | 7.717346 | (222,275)    | 0         | 0.000000     | 0           | 105,301    | 3.063637 | 322,604            | 0       |
| Oct-09    | (30,940)  | 7.314771 | (226,319)    | (1,902)   | 10.588854    | (20,140)    | 203,364    | 4.059716 | 825,600            | 0       |
| Nov-09    | (30,774)  | 6.995776 | (215,288)    | 0         | 0.000000     | 0           | 206,859    | 4.344694 | 898,739            | 0       |
| Dec-09    | (32,184)  | 6.772434 | (217,964)    | (1,974)   | 5.577508     | (11,010)    | 34,357     | 5.030532 | 172,834            | 0       |
| Jan-10    | (30,139)  | 7.007100 | (211,187)    | (260,369) | 5.612135     | (1,461,226) | 0          | 0.000000 | 0                  | 0       |
| Feb-10    | (28,761)  | 7.147630 | (205,573)    | (71,904)  | 9.139839     | (657,191)   | 0          | 0.000000 | 0                  | 0       |
| Mar-10    | (29,552)  | 6.978208 | (206,220)    | (183,212) | 10.667647    | (1,954,441) | 0          | 0.000000 | 0                  | 0       |
| Apr-10    | (28,552)  | 7.080520 | (202,163)    | 0         | 0.000000     | 0           | 106,415    | 4.099713 | 436,271            | 0       |
| May-10    | (31,331)  | 6.867128 | (215,154)    | 0         | 0.000000     | 0           | 213,384    | 4.413363 | 941,741            | 0       |
| Jun-10    | (39,331)  | 6.750044 | (265,486)    | 0         | 0.000000     | 0           | 64,018     | 4.652551 | 297,847            | 0       |
| Jul-10    | (50,160)  | 6.812341 | (341,707)    | 0         | 0.000000     | 0           | 0          | 0.000000 | 0                  | 0       |
| Totals    | (398,935) | 7.087751 | (2,827,552)  | (520,553) | 7.907921     | (4,116,492) | 1,043,256  | 4.100400 | 4,277,767          | 0       |

|           | Gas Lost To Atmosphere |          | Volume Transfers |          | Volume Adjustment |           | Direct Costs Capitalized |         | Ending Balance |          |
|-----------|------------------------|----------|------------------|----------|-------------------|-----------|--------------------------|---------|----------------|----------|
|           | MCF #                  | Rate \$  | Amount \$        | MCF #    | Rate \$           | Amount \$ | MCF #                    | Rate \$ | MCF #          | Rate \$  |
| Beg. Bal. |                        |          |                  |          |                   |           |                          |         |                |          |
| Aug-09    | (3,308)                | 6.688936 | (22,127)         | 0        | 0.000000          | 0         | 0                        | 0       | 1,292,951      | 9.577386 |
| Sep-09    | (2,169)                | 6.057630 | (13,139)         | 0        | 0.000000          | 0         | 159,008                  | 0       | 1,359,600      | 9.261108 |
| Oct-09    | (270)                  | 5.581481 | (1,507)          | 0        | 0.000000          | 0         | 33,121                   | 0       | 1,433,930      | 8.864947 |
| Nov-09    | 0                      | 0.000000 | 0                | 0        | 0.000000          | 0         | 86,314                   | 0       | 1,604,182      | 8.337995 |
| Dec-09    | (508)                  | 5.311024 | (2,698)          | 0        | 0.000000          | 0         | 44,069                   | 0       | 1,780,267      | 7.921948 |
| Jan-10    | 0                      | 0.000000 | 0                | 0        | 0.000000          | 0         | (63,508)                 | 0       | 1,763,389      | 7.928390 |
| Feb-10    | (210)                  | 5.371429 | (1,128)          | 0        | 0.000000          | 0         | 32,207                   | 0       | 1,472,881      | 8.378565 |
| Mar-10    | 0                      | 0.000000 | 0                | 0        | 0.000000          | 0         | 11,904                   | 0       | 1,372,006      | 8.373609 |
| Apr-10    | (1,984)                | 5.199093 | (10,315)         | 0        | 0.000000          | 0         | 15,878                   | 0       | 1,159,242      | 8.060318 |
| May-10    | 0                      | 0.000000 | 0                | 0        | 0.000000          | 0         | 13,974                   | 0       | 1,235,121      | 7.757641 |
| Jun-10    | 0                      | 0.000000 | 0                | 0        | 0.000000          | 0         | 28,368                   | 0       | 1,417,174      | 7.293798 |
| Jul-10    | 0                      | 0.000000 | 0                | 0        | 0.000000          | 0         | 20,377                   | 0       | 1,441,861      | 7.205493 |
| Totals    | (8,449)                | 6.026039 | (50,914)         | (16,569) | 0                 | 0         | 425,794                  | 0       | 1,391,701      | 7.525615 |

